



louisville arena authority

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**Board of Directors Meeting
January 14, 2013
9:00 a.m. EST
KFC YUM! Center**

MINUTES

Directors in Attendance: Mr. Andrew Beshear, Ms. Alice Houston, Metro Council President Jim King (Ex Officio), Mr. Lee Kirkwood, Mr. Tim Mulloy, Ms. Lesa Seibert, Vice Chairman William Summers V

Directors present by telephone: Ms. Lindy Street

Directors Absent: Mr. Eric Gunderson, Mr. Michael Houlihan, Ms. Maura Temes, Mr. Dan Ulmer, Chairman Larry Hayes.

Consultants and Staff: Mr. Ed Glasscock, General Counsel; Mr. Dennis Petruzzo, KFC YUM! Center General Manager

Welcome: Vice Chairman Summers

Vice Chairman Summers declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the December 10, 2012 Board Meeting Minutes – Vice Chairman Summers

Ms. Seibert moved to accept the Minutes of the December 10, 2012 Arena Authority meeting. The motion was seconded by Mr. Kirkwood and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements –Vice Chairman Summers

Mr. Summers introduced Mr. Alex Rorke from Hilliard Lyons, The Arena's Authority's financial advisor. Mr. Rorke stated that Hilliard Lyons has met with the new staff at the trustee (U.S. Bank) and discussed implementing a more efficient communications plan between the two advisors. He stated that the trustee has also been in contact with Mr. Jerry Hurt of Deming, Malone, Livesay & Ostroff CPA firm (DMLO) to discuss the mechanics of the finances due to the complexity of these documents. Mr. Rorke concluded his update emphasizing the importance of clear and efficient communication between advising groups.

DISCUSSION ITEM: AEG Management Update- Dennis Petruzzo

Dennis Petruzzo, General Manager provided an update on recent activities at the arena. He advised that November was a profitable month for the arena and noted that three upcoming events, Luke Bryan, Taylor Swift, and One Direction have already sold out.

Mr. Jokovich, Finance Director at the KFC Yum! Center provided the AEG Financial Update. He reported that the facility hosted several successful events during the month of November including Justin Bieber, Bruce Springsteen, the start of University of Louisville Men's and Women's basketball, and the first and second round of the NCAA Women's Volleyball Division 1 Championship.

Mr. Jokovich initiated his report stating that the facility had a net operating profit of \$712,000 for the month of November, bringing the year-to-date net operating profit to \$352,000. November's profits generated a positive variance of \$440,000 compared to a budgeted loss of \$88,000 through the month of November. According to the rolling forecast (where AEG expects to finish on June 30, 2013) a net operating profit of \$1.352 million is predicted, resulting in a growth of \$7,000 compared to last month.

Mr. Jokovich then reviewed the Lieb Report (prepared in 2006 by the Leib Group, LLC) stating that in 2006 the Leib Report projected 15 concerts and 99 events would take place at the facility in 2012. For the current fiscal year, AEG is projecting 21 concerts and 130 total events. Mr. Jokovich stated this is a great indicator of how the arena is producing and drawing consumers into the TIF district. Mr. Petruzzo noted that the Leib projections were created prior to the building opening as an indicator for arena financing and that AEG is currently producing above these projections. Mr. Glasscock highlighted that AEG is exceeding expectations on the factors they control.

DISCUSSION ITEM: General Counsel Update – Vice Chairman Summers

Vice Chairman Summers introduced Mr. Ed Glasscock, who reported that there is no new business to report.

DISCUSSION ITEM: New Business/Old Business – Vice Chairman Summers

Mr. King initiated discussion on the November's remarkable profit, inquiring about what factors helped to drive profit this month compared to other months such as ticket sales, concessions, parking. Mr. Jokovich noted that November's profit benefited from two key concerts and men's basketball which is a fixture of income. He informed the board that a percentage of ticket sales, as well as a ticket surcharge create a fixed income during basketball season that generates revenue back to the arena. Mr. Petruzzo added that the rent the arena receives during basketball season is substantial and includes factors such as gross ticket sales and suite sales. During basketball season the arena is receiving rent from a major tenant compared to April through September when the arena does not have rent coming in from a major tenant. Mr. Petruzzo concluded that the arena has about two shows per month booked through June of this year.

Mr. King inquired about what financial information is available on the Louisville Arena Authority website. Mr. Jokovich informed the board that AEG's financial reports, the meeting minutes, as

well as facility contracts are available on the website. Mr. King asked that the Debt Service Structure be available on the website.

Mr. Petrullo concluded the new business update by addressing a past concern regarding wireless access in the facility. He noted that the management group estimated the cost of improvements and found it would cost over \$300,000 to provide wireless access to every patron in the building. Wireless access is less accessible in the inner bowl compared to the concourses of the arena. The board concluded that communicating the wireless “hot spots” to the patrons via signage would help to direct patrons to provide the best possible experience.

No other business to come before the Authority, the meeting was adjourned at approximately 9:16 a.m.

Respectfully submitted,
Amelia Priest